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8 May 1978

MEMORANDUM FOR: The Director of Central Intelligence
FROM : Presidential Briefing Coordinator
SUBJECT : Preparations for the 10 May National Security Council Meeting

1. Attached are the following.

A. Meeting Agenda. We received it this afternoon at 1631.

- (1) We are working at providing specific intelligence inputs to you on Issue 5, the Political Consequences of [] I have asked [] to examine Issue 1 for resource implications. I don't think we can say much about Issue 6 that would not be simply reaffirming the obvious.

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- (2) In addition to these issues SECDEF may request that the process of developing the Five Year Defense Program (FYDP) substitute for the Zero Base Budget (ZBB) exercise which the President has required of all departments.

B. My précis of the Consolidated Guidance. These 6 pages capture most of what is of interest to you in the SECRET Guidance.

C. The SECDEF Executive Summary. This is an excellent presentation of the OSD rationale for the Guidance.

D. The SECRET Guidance. I recommend your priority be Section [] first and then the other sections in order. ([] managed to get this copy today. To my knowledge we've not received a copy before.)

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E. CODEWORD Intelligence Guidance. If [] can get them to me in time these two documents (which had been sent to the IC Staff in March) will be included. Otherwise he will forward them separately. I have not read these.

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F. Intelligence Support Package. To help you provide intelligence support for the deliberations, I have

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S E C R E T

assembled the attached notebook which contains your Presidential briefings and graphics, and the estimates themselves for NIE 11-3/8-77 and 4-1-78. These are the two major intelligence foundations for the Guidance. Also included are some maps, force tables and graphics which might be useful.

2. In addition to providing intelligence support for the deliberations, the intelligence community's equities in DoD planning suggest the following questions.

- A. The President apparently sees the Director of Central Intelligence exerting control over the intelligence community through his budget review authority and has the ZBB exercise as a mental model for that process. If DoD programs get set in concrete in a FYDP game in which the DCI does not participate, how is the President's vision of intelligence community control to be fulfilled?
- B. The last paragraphs of the attached précis are mute on the question, "To what degree does the Secretary of Defense see himself as the steward of intelligence assets which are to be husbanded for and employed in the national, as opposed to departmental, interest?" My skimming of the Guidance missed any allusion to this role of DoD. Indeed, even though a careful search might reveal some note, the overall thrust of the Guidance is very clear, "DoD collectors and producers work for the Deputy Under Secretary of Defense (Policy) and his top priority is information on Soviet Military R&D." I don't think this is in keeping with the President's intentions, either in terms of who directs the 70%-90% of the intelligence community resources that DoD administers or in terms of the focus of our intelligence efforts.
- C. As a specific case of the last issue, the listing of an extensive set of specific substantive intelligence questions and an assignment of priorities in SECDEF's Consolidated Guidance seems to undercut the PRC exercise to develop national intelligence priorities. Who is to decide how the intelligence community focuses its efforts, the Deputy Under Secretary of Defense (Policy) or the various consumers of national intelligence convened as the PRC?

3. The NSC meeting is probably not the appropriate forum for raising these issues for the first time. But I recommend that:

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- A. If the FYDP vs. ZBB issue arises, you may want to inject a sentence to the effect of,

"We can make either a FYDP or ZBB process work to ensure that the President is properly supported if the intelligence community review process stated in the Executive Order is incorporated in it."

- B. If the matter of intelligence priorities arises you may want to comment to the effect of,

"We need to work out the details of how Defense Guidance can properly reflect the overall national intelligence priorities established by the PRC."



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Attachments

cc: D/NFAC
AD-SS/NFAC

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